

PC Sports scores arena deal in Louisville, Ky. Firm distancing itself from cloud over Memphis arena

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PC Sports has been selected to serve as project manager for a planned \$252 million waterfront arena project in Louisville, Ky.

The San Antonio-based company landed that lucrative opportunity after convincing Kentucky officials that it was in no way responsible for the controversy surrounding an arena construction project it helped manage in neighboring Tennessee.

PC Sports was tapped by the Louisville Arena Authority, which is spearheading the waterfront arena project. In addition to the 22,000-seat arena, the development could include a new hotel and retail space.

Bob Crittenden is president and CEO of **Project Control**, the San Antonio-based parent company of PC Sports. He says the total Louisville arena project could cost upwards of \$450 million. There is a chance, Crittenden explains, that PC Sports could participate in some of that non-arena work, as well.

However, the opportunity to provide project management for the arena that will anchor the development is in hand.

"We'll serve as owners' representative for the development and construction of a new 22,000-seat downtown arena," Crittenden says.

The Louisville project represents another big score for PC Sports, which has had its hand in a number of stadium and arena projects across the nation in recent years.

Kentucky Gov. Ernie Fletcher created the Louisville Arena Authority, which is charged with overseeing the design, construction and operation of the Louisville Arena complex.

Authority officials are aware that there is ongoing concern over how some state transportation funds may have been used in the construction of the FedEx Forum, which opened in downtown Memphis in late 2004 as the new home of the NBA Grizzlies.

At issue: Some \$20 million in federal funds that were granted to the Memphis arena project through the Tennessee Department of Transportation (TDOT).

Shelby County Attorney Brian Kuhn says TDOT granted the money for the arena parking garage because it was supposed to also serve as an Intermodal Transfer Facility for the public-transportation needs of citizens in Memphis.

The Intermodal Transfer Facility, according to a July 24 investigation report authored by Kuhn and obtained by the Business Journal, "was never opened."

The parking garage was built and is now used by the NBA team, but it lacks the required public-transportation component, according to some Shelby County officials.

Kuhn also points out in his report that, according to a TDOT audit, part of the grant funds were utilized to construct an arena office building that was not approved by TDOT. Those funds were later reimbursed to the state, Kuhn states in his report.

A spokesman for the FBI's Memphis field office says "the matter has been referred to us and we are taking a look at it."

It's uncertain who or what the bureau is investigating.

The fall-out has been costly.

TDOT, according to Shelby County officials, had to repay the money it obtained from the federal government. And now Memphis is having to pay.

Kuhn says Memphis has already lost out on \$6.5 million in clean-air funding it was set to receive from the state as a result of the arena controversy.

Some Shelby County commissioners, their terms nearly over, are pushing for Kuhn to consider pursuing legal action against any or all of the parties involved in the construction of the FedEx Forum.

At press time, no such decision had been reached.

Kuhn does say in his report that PC Sports "was hired to be the county's representative and to make sure this project was completed properly."

According to Kuhn's report, the "use of TDOT grant funds earmarked for the parking garage and for the administration building and the failure to open the Intermodal Transfer Facility as required by the TDOT grant were both certainly improper and should have been identified and addressed by PC Sports as the county's representative."

Crittenden disagrees. He says the controversy is being instigated by people who never wanted an arena built in Memphis.

"It (FedEx Forum) was built on time and on budget," Crittenden notes. "The garage was built exactly as it was approved (by the entities that retained PC Sports for the project). The county was not damaged at all."

As for the funding questions, PC Sports maintains in a written statement that, as owners' representative for the Memphis arena, the company "played no role in securing or advising on funding sources or compliance with funding obligations."

Furthermore, Crittenden believes the decision by Louisville officials to select PC Sports for their arena project should clear up any doubts about the company's track record.

"The question (about Memphis) came up in Louisville," Crittenden explains. "They did their due diligence. We gave them the facts and then the (Louisville) Arena Authority gave us unanimous approval."

"There is no GarageGate," Crittenden adds.

PC Sports officials say they are proud of the company's performance record.

The Louisville Arena Authority could issue a proposal as soon as September to architects, general contractors and developers to gauge their interest in the project.

Officials say construction is targeted to begin in July 2008 and the arena could open as soon as August 2010.

The planned arena is expected to serve as the new home for University of Louisville basketball and other events.